

1 the operating system for which they are written, Lindows OS presents a notable development in the  
2 computer industry and a potential means of broadening consumer options.

3 Lindows.com plans to release its first commercial version of Lindows OS to consumers  
4 sometime in 2002. Robertson Supp. Decl. ¶¶ 3, 5-6. According to Robertson, Lindows OS will be  
5 available either by downloading the software directly from Lindows.com servers or by placing an order  
6 for a CD-ROM containing the software from the company's web site – [www.lindows.com](http://www.lindows.com). *Id.* ¶ 8. The  
7 website also indicates that the company has considered selling Lindows OS through OEM and retail  
8 channels. *See* Tessier Decl. Ex. A-4 (“Eventually you’ll see computer manufacturers offering systems  
9 pre-installed with Lindows OS . . . . If Lindows OS becomes available in a retail environment,  
10 subscribers to Lindows.com’s mailing list will be the first to know.”); *see also* Tessier Decl. in Supp. of  
11 Pla.’s Mot. for Relief from Deadline (online questionnaire about OEM program). Although  
12 Lindows.com is enlisting its enthusiasts to help its marketing campaign, *see* Tessier Decl. Ex. D-1 (“We  
13 don’t have the billion dollar marketing budget, so your help will be invaluable in getting the word out  
14 that there’s a new choice emerging on the desktop.”), the company has still spent a significant part of its  
15 resources, approximately \$1.5 million, to promote the Lindows.com and Lindows OS brands. *See*  
16 Robertson Supp. Decl. ¶ 10.

18 The web site plays a critical role in Lindows.com’s planned distribution of the Lindows  
19 operating system, *id.*, and it figures prominently in the company’s promotional and marketing efforts.  
20 At its web site, Lindows.com prominently displays its corporate and product logos, provides links to  
21 press reports regarding its Lindows OS product and invites visitors to subscribe to a newsletter mailing  
22 list and to email the site directly. *See* Tessier Decl. Exs. A-1, F-1 to F-41. The web site also encourages  
23 visitors to link their websites to the [www.lindows.com](http://www.lindows.com) site by displaying one of several Lindows.com  
24 banner advertisements. *See id.* Exs. C-E. Finally, the Court takes judicial notice that the Lindows.com  
25

1 web site, which at the inception of this litigation contained no disclaimer regarding its affiliation with  
2 Microsoft, see Tessier Decl. Exs. A-1 to A-30, now includes the following statement at the bottom of  
3 the pages of its web site: "Lindows.com is not endorsed by or affiliated with Microsoft Corporation in  
4 any way."

## 6 **VI. Microsoft's Requested Remedies**

7 Microsoft's suit under three sections of the Lanham Act and Washington's Unfair Business  
8 Practices statute seeks both injunctive and monetary relief. Primarily, it seeks an injunction prohibiting  
9 Lindows.com from (1) using the Lindows, Lindows.com or Lindows OS trade names or trademarks in  
10 connection with its software or other computer product or service, (2) infringing Microsoft's Windows  
11 trademark, and (3) diluting Microsoft's Windows trademark. It also seeks treble damages under the  
12 Washington statute and the Lanham Act § 35(a) as well as attorney fees and costs. See Compl. at 10.  
13

## 15 **PRELIMINARY INJUNCTION**

16  
17 The Ninth Circuit applies a sliding scale standard to the showing a party must make to prevail on  
18 a preliminary injunction motion. Dr. Seuss Enters. v. Penguin Books USA, Inc., 109 F.3d 1394, 1397  
19 n.1 (9th Cir. 1997). Here, Microsoft must show either (1) a combination of probable success on the  
20 merits and the possibility of irreparable injury, or (2) that serious questions are raised and the balance of  
21 hardships tips sharply in its favor. Id. Rather than two separate tests, these points represent the outer  
22 reaches of a single continuum in which the requisite showing of harm increases as the probability of  
23 success on the merits decreases. Stuhlbarg Int'l Sales Co. v. John D. Brush & Co., 240 F.3d 832, 840  
24 (9th Cir. 2001); Dr. Seuss, 109 F.3d at 1397 n.1. "Under either formulation, the moving party must  
25 demonstrate a significant threat of irreparable injury, irrespective of the magnitude of the injury." Dr.

1 Seuss, 109 F.3d at 1397 n.1 (quoting Big Country Foods, Inc. v. Board of Educ., 868 F.2d 1085, 1088  
2 (9th Cir. 1989)).

## 3 4 **I. Probability of Success on the Merits**

### 5 **A. Validity of the Mark**

6 Prior to reaching the merits of the three federal trademark causes of action, the Court must  
7 determine whether the Windows trademark is a valid, protectable mark. If the term lacks sufficient  
8 distinctiveness so that it is generic, "it cannot be the subject of trademark protection under any  
9 circumstances." Filipino Yellow Pages, Inc. v. Asian Journal Publ'ns, 198 F.3d 1143, 1146 (9th Cir.  
10 1999); see also Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 215 (2d Cir. 1999) ("Distinctiveness is a  
11 crucial trademark concept, which places marks on a ladder reflecting their inherent strength or  
12 weakness."); I.P. Lund Trading ApS v. Kohler Co., 163 F.3d 27, 36 (1st Cir. 1998) (holding that  
13 distinctiveness is a prerequisite for protection from trademark infringement and dilution).

#### 14 **1. Categories of Distinctiveness**

15 The degree of distinctiveness of a mark is directly related to the breadth of the protection it can  
16 command, and trademark law has identified and prioritized four categories of terms with respect to their  
17 distinctiveness. In order of decreasing protection, marks can be (1) arbitrary or fanciful, (2) suggestive,  
18 (3) descriptive or (4) generic. Filipino Yellow Pages, 198 F.3d at 1146-47 (quoting Surgicenters of  
19 America, Inc. v. Medical Dental Surgeries Co., 601 F.2d 1011, 1014 (9th Cir. 1979)). An arbitrary and  
20 fanciful term is one which is invented solely for its use as a trademark and is thus afforded the greatest  
21 protection. Surgicenters, 601 F.2d at 1015. A suggestive term requires some imagination or perception  
22 to determine the nature of the goods, as opposed to a descriptive term which specifically describes a  
23 characteristic or attribute of an item or service. Id. at 1014-15. A descriptive term generally does not  
24 enjoy trademark protection unless "it has acquired 'secondary meaning' in the minds of consumers, i.e.,  
25 it has 'become distinctive of the [trademark] applicant's goods in commerce.'" Filipino Yellow Pages,